

**FIRST AMENDMENT TO MASTER SERVICES AGREEMENT BETWEEN
THE CITY OF MILPITAS AND GRANICUS, INC.**

This First Amendment is entered into this _____ day of _____, 2004 by and between the City of Milpitas, a Municipal corporation, hereafter referred to as "CITY" and Granicus, Inc. hereinafter referred to as "Granicus".

RECITALS

WHEREAS, the parties have entered into an Agreement for professional services for streaming and distribution of live video and audio content and a license to use the Media Management Software on May 9, 2003 ("Agreement");

WHEREAS, the original term of the Agreement was through May 9, 2004; and

WHEREAS, the parties desire to extend the Agreement until June 30, 2007; and

WHEREAS, the parties desire to increase the amount of the agreement by an additional \$26,000.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained the parties agree to amend the Agreement as follows:

1. Section 1 of the Agreement entitled "Exhibits" is amended to include subsection 1.9 entitled Exhibit I – Proposed Solution Pricing Phase 2
2. Section 7.3 (c) of the Agreement entitled "Payment of Maintenance Fees" is amended to read as follows:

(d) In the event that the CITY'S usage has increased during the month, GRANICUS, INC. will notify the CITY of the increase and will bill the CITY for the increased amount on the month immediately following that in which the expenses were incurred.

3. Section 7.3 (e) of the Agreement entitled "Payment of Maintenance Fees" is added to read as follows:

(e) The monthly maintenance fee for the CITY will be waived for the 3rd year of this agreement and will result in 1 year free maintenance beginning on July 1, 2006 through June 30, 2007.

4. Section 11.1 of the Agreement entitled "Term" is amended to read as follows:

Term. This Agreement shall become effective upon the execution of the Agreement by all parties and shall continue in full force and effect through June 30, 2007 unless otherwise terminated in accordance with Section 11.2.

All other provisions of the Agreement shall remain in full force and effect.

Approval Signatures

By signing below, the following individuals hereby represent that they have legal authority to obligate their respective organizations to this agreement.

City of Milpitas

Date: _____

By: _____

Thomas J. Wilson, City Manager

Approved as to Content:

Approved as to Form:

By: _____

By: _____

Bill Marion, Information Services Director

Steven T. Mattas, City Attorney

Attest:

By: _____

Gail Blalock, City Clerk

GRANICUS, INC.

Date: _____

By: _____

Thomas A. Spengler
Chief Executive Officer

This signed Agreement together with a Purchase Order, if applicable, shall be sent to the following address:

Granicus, Inc.
589 Howard St. Suite 500
San Francisco, CA 94105

Exhibit I

Proposed Solution Pricing Phase 2

March 10, 2004

To: The City of Milpitas
Terry Medina
Via email

Mr. Medina,

Granicus looks forward to continuing our relationship with the City of Milpitas, and enhancing your current solution. By adding the Granicus MediaVault™, you will greatly improve the quality of your internal streaming and expand your long-term archiving capacity for public meetings from 6 months to several years. In addition, the MediaVault™ will provide substantial storage for internal training content from multiple departments.

The proposal includes the Hardware and Software licenses for a Granicus MediaVault™. The MediaVault™ server will automatically utilize our intelligent routing to load balance your on demand streaming distribution with the Granicus MediaCenter™. Allowing the Granicus MediaCenter™ to provide streaming for users outside the City's network, while the MediaVault™ will provide efficient on-demand distribution to internal users on the City's network. If the MediaVault™ is placed in the City's DMZ, it will also be capable of serving content to the public when that content is no longer available at the Granicus MediaCenter™.

The proposal includes pricing for both a 240 GB RAID Array and 1.2 TB RAID Array. Because of the significant increase in storage capacity versus a modest increase in price we have recommend the 1.2 TB RAID Array in the proposal.

The pricing also includes configuration and onsite installation. If the city chooses to install and configure the solution hardware without Granicus assistance, the configuration fees can be cut in half and the installation fees can be waived.

The Granicus MediaVault™ requires an annual license fee of \$3,000.00 per year, which includes 24/7 technical support and software upgrades. However, if the City chooses to commit to a 3-year contract for the Granicus MediaVault, Granicus will waive the first year's annual license fee. This fee would normally be due one year from the go live date.

At Granicus, we recognize that a great product is only part of what keeps our clients satisfied. For that reason, Granicus provides 24/7 technical support and onsite user training. We also take full responsibility for maintaining and monitoring the technology that powers your solution, so that you can avoid the cost of developing a team of streaming experts.

If you have any questions about our services or this proposal please do not hesitate to contact me.

Most Sincerely,

Emery Jones
Chief Financial Officer
Granicus, Inc.

Proposed Solution Pricing

Your MediaVault™ solution was designed based on the City of Milpitas' specific streaming needs. Our pricing reflects our commitment to supply our customers with the highest value and utmost quality. Your solution consists of the components detailed below. Please note that computer hardware can be supplied by the City's preferred vendor, but should be shipped directly to Granicus for configuration. In the event that the City supplies computer hardware, Granicus is not responsible for the maintenance of the hardware.

Granicus MediaVault™ Server		
Hardware - HP Proliant DL360		\$4,046.00
Intel® Xeon™ Processor 2.80GHz/512KB		
Two 1" Ultra 320 SCSI Hot Plug Drive Bays		
RAID 1 setting (Requires minimum of 2 matching drives)		
(2) 18.2 GB Pluggable Ultra320 SCSI 15,000 rpm Universal Hard Drive		
Smart Array 5i Plus Controller (integrated on system board)		
Windows® Server 2003 Standard Edition		
Warranty - 3 year Next Business Day Onsite		
Configuration		\$900.00
MediaVault™ Software		\$6,000.00
	Subtotal Sales Tax 8.25%	\$828.80
	Subtotal	\$11,774.80
Granicus MediaVault™ RAID Array 1.2 TB Option		
Hardware		\$5,500.00
1.2 TB Maxtronic RAID Array		
Configuration		\$450.00
	Subtotal Sales Tax 8.25%	\$453.75
	Subtotal	\$6,403.75
Professional Services		
Onsite Installation		\$800.00
	Subtotal Sales Tax 8.25%	\$0.00
	Subtotal	\$800.00
Shipping		\$150.00
	Total Sales Tax 8.25%	\$1,282.55
Total		\$19,128.55
Substitution RAID Array Option		
Granicus MediaVault™ RAID Array 240 GB Option		
Hardware		\$4,628.00
240 GB Maxtronic RAID Array		
Configuration		\$450.00
	Subtotal Sales Tax 8.25%	\$381.81
	Subtotal	\$5,459.81

Granicus MediaVault™ - Large Archives at Low Cost

An audio/video archive requires storage, management and delivery. The Granicus MediaVault™ provides long-term storage and management while maximizing the use of your existing broadband connectivity. The result: long term storage and content distribution at a drastic cost savings.



How it Works

The Granicus MediaVault™ integrates with the Granicus MediaCenter™ and transfers archived video to local storage. When archived video is requested, the MediaVault™ takes the place of the Granicus MediaCenter™ and delivers content directly from your location on your network. Should demand for archived content increase beyond your capacity, content can be transferred back to the MediaCenter™ with a click of a button. As a result, the Granicus MediaVault™ provides a superior solution for creating a digital library or records retention system.

MediaVault™ Features:

- RAID 5 Redundant Storage
- Capacity for up to 18,000 Hours of Content (2.12 years)
- Serves Content on LAN/WAN
- Simple Migration Tools